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IWG/M-40
Control No. 443605
8 June 1953

INTELLIGENCE WORKING GROUP

Minutes of 40th Meeting

10:00 - 12:30, 4 June 1953

PRESENT

25X1A9a [REDACTED] CIA, Chairman
[REDACTED] CIA, Executive Secretary
25X1A9a [REDACTED] CIA
[REDACTED] CIA, Secretary
Lt. Col. E. F. Brown, DMS
Lt. Col. Ted Brown, OSD
Lt. Col. Wilson, OSD
Col. McCord, AFOIN
Mr. Lyons, AFOIN
Mr. Kidd, ONI
Mr. Wood, G-2
Mr. Hale, DMS
Mr. Hermsberg, MSA
Mr. Taft, State
Mr. Ladenburg, State

1. Report by Lt. Col. Edward F. Brown, SRE, Paris

Lt. Col. Brown, Assistant Associate Deputy Administrator for MDAC, SRE, Paris, reported on efforts of his office to coordinate economic defense activities in Europe for the implementation of controls aimed at preventing diversions of strategic goods and services to the Soviet bloc. He cited, specifically, the Gandini-Statex case as illustrative of those instances of attempted diversion on which his office is working. He pointed out that the greatest weakness of the control program in Europe has been in obtaining timely, raw intelligence as the basis for initiating preventive action and in bringing the perpetrators of such diversions to justice. The present screening and evaluating of raw intelligence has resulted in operational officers receiving relevant information after-the-fact. He indicated that valuable information had recently been provided by narcotics agents and that SRE had been encouraged by the cooperation offered at the working level of the ministries of Foreign Affairs, particularly in The Netherlands and Federal Republic of Germany. Officials of these two countries had expressed an eagerness to establish an informal channel to supply a central collection

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organization with current information. He expressed the hope that the newly-established current intelligence unit in CIA could materially assist SRE operations by providing collated, current intelligence to action officers. The Chairman explained, in response, that one of the primary purposes of the CIA current intelligence unit was to furnish such information for the benefit of action agencies, and also to expedite the formulation of procedures for lateral dissemination of such intelligence in the field.

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Lt. Col. Brown explained that his office represents the Administrator of the Battle Act, chairs the Economic Defense Panel for Europe, and maintains close liaison with OSD [REDACTED] in Paris. Recommendations are formulated for the U.S. Delegate to COCOM and assistance is given to U.S. embassies and missions in connection with their bilateral negotiations with foreign governments. In describing the utility of the IC/DV system, Lt. Col. Brown called attention to his report on "Proposed Diversion to the Soviet Bloc of Strategic Material Originating in Western Germany, France, Mexico and Chile", which has been published as EDAC D-50 of 5 June 1953. He remarked that illicit trade in Europe in strategic commodities might possibly approximate \$100 million a month. He expressed the belief that more effort should now be devoted to blocking such illicit trade. In this context, he mentioned that the Criminal Institute in Cologne under the Ministry of Finance has established a file of 44,000 active names of illicit traders.

2. "Report on COCOM Statistical Reporting", IWG/D-20a

Messrs. Hale and Lyons, and Lt. Col. Wilson offered suggestions concerning this paper, which had been previously distributed for comment. Several revisions were agreed upon for incorporation in a revised paper, to be issued for distribution to the Executive Committee, EDAC. The Chairman made the following statement regarding the authority of IWG to make recommendations: IWG, and its subgroups, have no responsibility or authority to make recommendations concerning economic defense policy or programs. Recommendations may be made, however, regarding any phase of the intelligence effort. He cited, specifically, paragraph 10 e. of the IWG Terms of Reference, which provide that "the IWG shall determine the necessity, desirability, and feasibility of obtaining further information or intelligence concerning the subject matter of specific reports or to fill specific gaps, and recommend action by appropriate agencies to meet these needs."

3. Review of Papers Distributed for 40th Meeting

a. The Executive Secretary reviewed IWG/AM-2, S-5, "Status Report on IWG Cases", and IWG/AM-12, "Current Status of Subgroups of IWG."

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b. The Chairman explained that a proposed paper on "Economic Defense Aspects of Soviet Electromagnetic Warfare Effort" had been deferred pending the development of additional intelligence on the subject. He indicated that it might be appropriate for IWG to produce a study for EDAC concerning the need of the Soviet bloc for jamming equipment. Members were requested to give thought to the need for such an IWG paper and to be prepared at the next meeting to comment thereon.

4. IWG Administrative Problems

a. The Chairman reported that, provided security regulations are strictly observed, there is no objection to the transmittal to U.S. officials overseas of IWG final reports.

b. Regarding IWG support of the ACEP structure, the Chairman pointed out that a close relationship exists between the ACEP and EDAC structures. OIT task groups serve both structures. Security rating problems are a concern of both. It would be appropriate, therefore, for IWG, if called upon, to furnish available commodity intelligence to meet the needs of ACEP.

c. The Executive Secretary pointed out that security clearances on each non-IWG member of IWG subgroups must be submitted by such persons prior to their admittance to meetings of such subgroups or receipt by them of relevant IWG material. Chairmen of each subgroup are responsible to see that this security precaution is observed.

d. The Chairman reported on a request from SRE, Paris, through EDS for assistance of IWG in clearing for use in COCOM an article on "Antibiotic Supplies for the Soviet Bloc" in the May 1953 issue of the G-2 Intelligence Review. He recommended that IWG furnish such assistance upon request in its function as the interagency unit set up to provide intelligence support for economic defense.

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Executive Secretary
Intelligence Working Group

Distribution
Cat. B - All
C - (6)
D - All